

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

| | | |
|---------------------------------|---|------------------|
| In the Matter of the Protest of |) | |
| |) | DOCKET NO. 39255 |
| REDACTED |) | |
| |) | |
| Petitioner. |) | |
| |) | DECISION |
| |) | |

Redacted (Petitioners) protested the Notice of Deficiency Determination dated September 3, 2014, issued by the Tax Discovery Bureau of the Idaho State Tax Commission proposing income tax, penalty, and interest for taxable years 2008 through 2011 in the total amount of \$4,625. Petitioners did not dispute that they were required to file Idaho income tax returns; Petitioners believed the Tax Discovery Bureau (Bureau) incorrectly calculated their tax liability. The Tax Commission reviewed the matter and hereby issues its decision.

BACKGROUND

In a review of the Tax Commission's records, the Bureau found a gap in Petitioners' Idaho income tax filings. Petitioners did not file Idaho individual income tax returns for taxable years 2008, 2009, 2010, and 2011. The Bureau sent Petitioners a letter asking about the missing Idaho income tax returns. Petitioners did not respond. The Bureau obtained information from the Redacted and determined Petitioners were required to file Idaho income tax returns for taxable years 2008 through 2011. The Bureau prepared returns for Petitioners and sent them a Notice of Deficiency Determination.

Petitioners protested stating their returns were filed for Redacted purposes and the Idaho adjusted gross income used by the Bureau was incorrect, therefore, their tax liability is incorrect as well. Petitioners stated they were working on getting correct income tax forms to the Tax Commission as soon as possible.

The Bureau acknowledged Petitioners' protest and allowed them additional time to prepare and file their income tax returns. However, when Petitioners failed to provide the missing returns, the Bureau referred the matter for administrative review.

The Tax Commission reviewed the matter and sent Petitioners a letter that discussed the methods available for redetermining a protested Notice of Deficiency Determination. Petitioners did not respond. The Tax Commission sent Petitioners a follow-up letter, but still Petitioners failed to respond. Therefore, the Tax Commission decided the matter based upon the information available.

LAW AND ANALYSIS

Idaho Code section 63-3030 provides the income thresholds for filing Idaho individual income tax returns. The information gathered by the Bureau clearly shows Petitioners received income in each of the years that exceeded the threshold amount for filing income tax returns. Therefore, Petitioners were required to file Idaho individual income tax returns.

Petitioners did not deny they were required to file Idaho income tax returns for the years in question. Petitioners stated they would file their income tax returns to reflect their correct tax liability. However, Petitioners did not follow through and file their income tax returns.

In Idaho, a State Tax Commission deficiency determination is presumed to be correct, and the burden is on the taxpayer to show that the deficiency is erroneous. Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986). Petitioners provided nothing to show the returns the Bureau prepared were incorrect. Petitioners stated they would provide income tax returns of their own, but nothing was provided. Petitioners stated the Idaho adjusted gross income used by the Bureau did not agree with what

they Redacted however, other than taxable year 2011, Redacted tax returns were the basis for the returns prepared by the Bureau.

The Tax Commission reviewed the returns the Bureau prepared and based upon the information available the Tax Commission found the Bureau's returns are an accurate representation of Petitioner's Idaho taxable income.

CONCLUSION

Petitioners received income in taxable years 2008 through 2011 that exceeded the threshold for filing Idaho individual income tax returns. Petitioners were required to file Idaho income tax returns. The returns the Bureau prepared for Petitioners were based upon income tax returns Petitioners filed with the Redacted or on income as reported to the Redacted and the Tax Commission. Petitioners provided nothing contrary to the returns the Bureau prepared. Therefore, the Tax Commission upholds the Notice of Deficiency Determination.

The Bureau added interest and penalty to Petitioners' Idaho tax. The Tax Commission reviewed those additions and found them to be appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046.

THEREFORE, the Notice of Deficiency Determination dated September 3, 2014, and directed to Redacted is hereby AFFIRMED.

IT IS ORDERED that Petitioners pay the following tax, penalty, and interest:

| <u>YEAR</u> | <u>TAX</u> | <u>PENALTY</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------|------------|----------------|-----------------|----------------|
| 2008 | \$ 521 | \$130 | \$130 | \$ 781 |
| 2009 | 719 | 180 | 143 | 1,042 |
| 2010 | 850 | 213 | 123 | 1,186 |
| 2011 | 1,226 | 307 | 129 | <u>1,662</u> |
| | | | TOTAL DUE | <u>\$4,671</u> |

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the petitioners' right to appeal this decision is enclosed.

DATED this _____ day of _____ 2015.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2015, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

REDACTED

Receipt No.
